

## Graeme Charles on Co-operation in The Devondaler



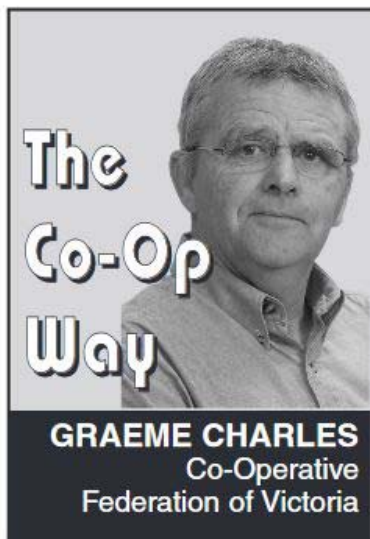
Graeme Charles was the Executive Officer and Secretary of the Co-operative Federation of Victoria Ltd between 1999 and 2002 and Deputy Chairman between 2002 and 2008 – the peak body for co-operatives in the Australian State of Victoria.

Between 2006 and 2008 Graeme Charles was a guest columnist for The Devondaler – the monthly newspaper of Murray Goulburn Co-operative Co. Limited. The Devondaler was established in 1986.

The Co-operative is one of Australia's largest with 2200 dairy farmer members and more than 2000 employees.

Twenty of these columns have been reproduced.

## A Co-operative AWB



Not surprisingly in all the debate about the future of AWB Ltd. and the single-desk, one thing is missing. There has been no mention of the co-operative option.

There is no doubt that wheat farmers' interests will be best served via a single-desk approach to the selling of their produce. However, the structure of the organization that currently represents the single-desk is not the only option.

Farmers have traditionally set up co-operatives in order to protect their interests against monopoly suppliers of farm inputs and/or buyers of their produce, and to secure the added value which derives from food processing. It is in the nature of their business that they are easily disadvantaged in relation to buyers and suppliers.

So it makes good sense to retain a single desk approach to the marketing of grain. The question that doesn't seem to have been asked is "would grain growers interests be better served via the co-operative model?"

The Australian Wheat Board was established as a statutory authority in 1939. It continued as a government controlled marketing authority until 1999. Earlier, in 1992 the Commonwealth Government, with bipartisan support, decided to cease their guarantees on borrowings, and as a result an alternative structure was required for the AWB to raise borrowings. In 1996 the Government indicated that the statutory arrangements would no

longer continue and growers would be responsible for their own financing from July 1999.

A working group was formed to consider the restructuring process and it eventually agreed that the best model for the new AWB would be a dual-class share structure called the “Grower Corporate Model”. A co-operative model was not proposed, unfortunately only a co-operative model would have guaranteed continuing grower ownership and control.

In 2001 AWB was publicly floated with B-class shares listed on the ASX. In Bitter Harvest (The Weekend Australian 28-29 January 2006), Glenda Korporeal noted:

“AWB critics point to a growing culture of greed, secrecy and arrogance at the top of the organization since its listing on the stock market in 2001, with senior executives allegedly focused on increasing profits and share prices to help deliver them lucrative performance bonuses.”

The AWB was never a co-operative; it was and still is a corporate hybrid. As a co-operative it would have had a clear and transparent governance structure backed up by the values and principles of co-operation as established by the International Co-operative Alliance in 1995.

27 March 2007



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